

Exhibit 16

J.A. Canon Letter to Grace Energy Corp., dated April 26, 2000



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Two West Second Street
Tulsa, Oklahoma 74103-3103
USA
018/SS3-1791
Fax 918/591-1796

Writer's Direct NO.: VI-5VI*IUUV
Legal Dept. FmNo.: 918-591-1718

April 26, 2000

Grace Energy Corporation
Attn: Legal Division
501 Elm Street, Suite 410
Dallas, Texas 75202-3333

RE: Stock Purchase Agreement dated December 30, 1992 by and between
Grace Energy Corporation and Samson Investment Company
(the "Agreement")

Dear Sir/Madam:

Purchaser hereby tenders for indemnity and defense under the terms of the Agreement a Claim in the nature of a general notice letter from the U.S. Environmental Protection Agency, Region IX (the "EPA") dated February 7, 2000 and a subsequent letter from said agency dated March 24, 2000 relating to the Casmalia Disposal Site located in Santa Barbara County, California (the "Site"). Copies of these letters were forwarded to Samson Investment Company under cover of a letter dated March 31, 2000 from the law firm of Holme Roberts & Owen, counsel for W.R. Grace & Company. Said letters contain the specifics of the EPA Claim. Additionally, it is apparent that the Holme Roberts & Owen firm is in possession of additional documentation regarding this EPA Claim which is indicative of substantial earlier knowledge of this matter by both the law firm and W. R. Grace & Company.

The March 31, 2000 letter from Holme Roberts & Owen contains the assertion that "Samson assumed the liability of Grace Petroleum Corporation ("GPC") and its related subsidiaries, alleged generators of waste at the Site, in the December 30, 1992 GPC Stock Purchase Agreement. Therefore, Samson is the entity responsible for the liability of GPC and its related entities." Purchaser denies that either Purchaser or any of its subsidiaries has assumed such liability or is responsible for any liability of either GPC or W.R. Grace & Company relating to the Site.

It is appropriate that Seller continue to manage the defense of this Claim. Please advise Purchaser at your earlier convenience the manner in which Seller plans to proceed in this matter.

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Unless otherwise specified, all capitalized terms used herein shall have the same meaning as ascribed to said terms in the Agreement. Please contact the undersigned should you have any questions regarding this matter.

Very truly yours,

SAMSON INVESTMENT COMPANY



Jack A. Canon
Senior Vice President -
General Counsel

cc: W.R. Grace & Co.
One Town Centre Road
Boca Raton, Florida 33486-1010
Attn: Secretary
via Telecopy - (407) 362-1635
via Telecopy - (214) 742-1390 and Federal Express